

**South Dakota Commission on Gaming Quarterly Business Meeting
Administrative Hearings and Proposed Rules Hearing Meeting
Deadwood City Hall, Deadwood, South Dakota**

MINUTES

September 14, 2011

At 8:55 a.m. the meeting was called to order. Commissioners Ralph Kemnitz, Karen Crew, and Karl Fischer were present. Commissioners Dennis Duncan and Harry Christianson were unable to attend. Staff members present for the meeting were Michael Shaw, Commission Attorney; Larry Eliason, Executive Secretary; Craig Sparrow, Director of Operations and Enforcement, Mark Aspess, Commission Architect..

The meeting was called to order by Commissioner Kemnitz and a quorum was present to conduct the meeting.

ADMINISTRATIVE HEARINGS

The court reporter for the hearings was Teresa Fink. The following cases were scheduled to be heard:

Petitions for Declaratory Rulings

- ✓ B.Y. Development, Inc. (Building Alteration)
- ✓ Flandreau Santee Sioux Tribe (Pai Gow Poker)
- ✓ Flandreau Santee Sioux Tribe (Mini Baccarat) Petition Withdrawn

Disciplinary Hearings

- ✓ SDCOG vs. Deadwood Gaming Resorts, LLC (Underage Gambling)
- ✓ SDCOG vs. Robert (Bobby) Gray (Suspended Imposition for Felony)
- ✓ SDCOG vs. Richard W. Melanson, Jr. (Indicted on Felony Charges)

B.Y. Development, Inc.

Present for the hearing representing B.Y. Development, Inc. were Roger Tellinghusien, attorney, and Cameron Lund, architect. A petition was heard regarding the proposed alteration to Building 8 which has previously been approved for gaming purposes. Mr. Tellinghusien made a request to add the following amendment to the petition: to approve the use of inner access water curtain between room 7 & 8, motion was granted. His request to amend the petition was granted. The matter was deferred to Executive Session.

Flandreau Santee Sioux Tribe

Present for the hearing representing the Flandreau Santee Sioux Tribe were Patrick Bergin, Attorney, Tracey Fischer, Attorney, and Larry Williams, Table Game Director, Royal River Casino. The petition for declaratory ruling was regarding Pai Gow Poker, a double-hand poker variation based on the Chinese game of Pai Gow. Executive Secretary Eliason stated that if a decision was made to approve the game then rules would need to be approved at the next commission meeting before the game could be played. The matter was deferred to Executive Session.

A demonstration of the poker game was done off record.

Flandreau Santee Sioux Tribe

The petition for declaratory ruling regarding Mini Barrcarat was withdrawn and no action was taken.

SDCOG vs. Deadwood Gaming Resorts, LLC

Present representing Deadwood Gaming Resorts, LLC were Roger Tellinghusien, Attorney, and Tracy Island, General Manager. A complaint was filed alleging that on or about March 3, 2011 Kenneth M. Smith, a person who was less than 21 years of age, was permitted to play one or more slot machines at the Deadwood Gulch Resort in violation of SDCL 42-7B-35. Staff recommended a penalty more severe than the penalty that was imposed on Saloon Gambling. The matter was deferred to Executive Session.

SDCOG vs. Robert (Bobby) Gray

Mr. Gray was not present for the hearing. A complaint was filed alleging that on May 5, 2011 licensee plead guilty to the charge of Driving Under the Influence (third offense), a Class 6 Felony. On July 14, 2011, he pleaded guilty and received suspended imposition of sentence with 2 years probation and fines. Staff recommended that his license be revoke for the term of his probation. The matter was deferred to Executive Session.

SDCOG vs. Richard Melanson, Jr.

Mr. Melanson was present for the hearing. A complaint was filed alleging that on July 14, 2011 licensee was indicted by the Lawrence County Grand Jury for fifty (50) counts of Possession of Child Pornography, a Class 4 Felony. Staff recommended that his license be revoked. The matter was deferred to Executive Session.

Public Hearing on Proposed Changes to Administrative Rules

Horse Racing

Larry Eliason, Executive Secretary, and Lloyd Just, Racing Steward presented the changes in the horse racing rules per LRC comments on style and form. On page 3 a strike out was corrected by Mike Shaw, Commission Attorney. Commissioner Fischer made a motion to adopt the rule changes as presented on pages 1-30 in the proposed rules meeting packet. Commissioner Crew seconded the motion which carried unanimously.

Live Greyhound Racing

Executive Secretary Eliason proposed rule changes to repeal unnecessary rules but to keep rules which authorize pari mutuel wagering on greyhound races. Commissioner Fischer made a motion to approve the proposed rule changes as written on pages 31-305 in the proposed rule meeting packet and to add rule 20:04:15:07 to be repealed, which was omitted from the page. Commissioner Crew seconded the motion which carried unanimously.

Deadwood Gaming

Commissioner Fischer made a motion to adopt the proposed poker rule changes as presented on pages 306-322 in the proposed rule meeting packet. Commissioner Crew seconded the motion which carried unanimously.

General Meeting

Upon conclusion of the proposed rule hearings Commissioner Kemnitz called the general meeting to order at 11:50 a.m...

Approval of Agenda

Commissioner Crew made a motion to approve the agenda. Commissioner Fischer seconded the motion which carried unanimously.

No conflicts of interest were noted on the agenda.

June 9, 2011 Meeting

Commissioner Crew made a motion to adopt the minutes as drafted for the June 9, 2011 meeting. Commissioner Fischer seconded the motion which carried unanimously.

August 11, 2011 Conference Call Meeting

Commissioner Fischer made a motion to adopt the minutes as drafted for the August 11, 2011 conference call meeting. Commissioner Crew seconded the motion which carried unanimously.

August 29, 2011 Retreat

Commissioner Fischer made a motion to adopt the minutes as drafted for the August 29, 2011 retreat. Commissioner Crew seconded the motion which carried unanimously.

Deadwood Licensing Matters

Key License Approvals Recommendations

Director of Operations/Enforcement Sparrow recommended approval of the following Key Licenses:

- ✓ Misty Meyers
- ✓ Darlene Fischer
- ✓ Michael Harper
- ✓ Joshua Gatz
- ✓ Michael Reede

Key License Renewals – 2011

- ✓ Jason Brott
- ✓ Terry Houk

Business License Approval and License Requests

Director of Operations/Enforcement Sparrow recommended that the following requests be approved:

- ✓ Approval of the request of Scott Roth to move his three retail licenses **(0329, 0272, & 0273-RT's)** currently assigned to Gold Dust 3, 4, & 5 to an unassigned location effective the end of September 2011.
- ✓ Approval of the request of Neil Hague to assign his three unassigned Retail gaming licenses **(0360, 0361 & 0362-RT's)** to Gold Dust 3, 4 & 5 effective the beginning of October 2011.
- ✓ Approval of Brooke Bradsky as the owner of three Retail licenses **(0503, 0504 & 0505-RT's)** and that they be assigned to Cadillac Jacks 7 & Cadillac Jacks 8 (contingent on approval of that building) effective immediately.
- ✓ Approval of Casey Borsch as the owner of three Retail licenses **(0500, 0501 & 0502-RT's)** and that they be left unassigned at the current time.

Commissioner Fischer made a motion to approve the Key license approvals, Key license renewals, Business license approvals and requests that staff recommended. Commissioner Crew seconded the motion which carried unanimously.

Stipulations and Assurances of Voluntary Compliance

Four Aces Gaming

Commissioner Crew made a motion to accept the stipulation and monetary fine imposed on Four Aces Gaming for failing to keep accurate, complete, legible, and permanent records and to instruct the commission staff to send a letter to the licensees expressing how unhappy the commission was to see ten (10) violations in an audit. Commissioner Fischer seconded the motion which carried unanimously.

Four Aces Gaming

Commissioner Crew made a motion to accept the stipulation and monetary fine imposed on Four Aces Gaming for changing certain terms of a promotion without notice of the changes being given to patrons who participated in the promotion. Commissioner Fischer seconded the motion which carried unanimously.

Gold Country Inn

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Gold Country Inn for failing to perform required surveillance reviews during the periods of June 12-18, 2011 and June 19-24, 2011. Commissioner Crew seconded the motion which carried unanimously.

Hickok's, Inc. complaint dated July 5

A complaint was filed for failing to file a reviewed financial statement for FY 2010. The stipulation and monetary fine imposed was deferred to Executive Session.

Hickok's, Inc. complaint dated July 20

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Hickok's, Inc. for allowing a person under the age of 21 years to play a slot machine at Hickok's Casino and Hotel. Commissioner Crew seconded the motion which carried unanimously.

Roxanne Knight

Commissioner Crew made a motion to accept the stipulation and monetary fine imposed on Roxanne Knight for allowing a person under the age of 21 to play a slot machine at Hickok's. Commissioner Fischer seconded the motion which carried unanimously.

Tentexkota, LLC

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Tentexkota, LLC. for allowing alcoholic beverages to be served or consumed at or near a Blackjack table on the premises of the Deadwood Mountain Grand Casino between the hours of 2:00 am and 7:00 am on July 9, 2011 in violation of SDCL 35-4-81. Commissioner Crew seconded the motion which carried unanimously.

Bryan Young

Commissioner Crew made a motion to accept the stipulation and penalty imposed on Bryan Young for allowing alcoholic beverages to be served or consumed at or near a Blackjack table on the premises of the Deadwood Mountain Grand Casino between the hours of 2:00 am and 7:00 am on July 9, 2011 in violation of SDCL 35-4-81. Commissioner Fischer seconded the motion which carried unanimously.

Super G Investment Corp.

Commissioner Fischer made a motion to accept the stipulation and monetary fine imposed on Super G Investment Corp. for allowing a person under the age of 21 years to play Blackjack at the Silverado. Commissioner Crew seconded the motion which carried unanimously.

Schedule of Next Meeting

The next commission meeting has been scheduled for Wednesday November 30, 2011.

Commissioner Crew moved to go into Executive Session pursuant to SDCL 42-7B-8.1 (4) Commissioner Fischer seconded the motion which carried unanimously.

Executive Session

After coming out of Executive Session at 12:15 p.m., the following actions were taken.

Decision B.Y. Development, Inc.

Commissioner Fischer made a motion to accept the alteration to gaming room 8 (Exhibit C), allowing gaming devices subject to building and floor plan approval.

Decision Flandreau Santee Sioux Tribe

Commissioner Crew made a motion to authorize the poker game variation called Pai Gow Poker. Commissioner Fischer seconded the motion which carried unanimously.

Decision Deadwood Gaming Resorts, LLC

Commissioner Crew made a motion to impose a monetary fine of \$750 to be paid within ten (10) days. Commissioner Fischer seconded the motion which carried unanimously.

Decision Robert (Bobby) Gray

Commissioner Fischer made a motion to revoke Robert Gray's support license. Commissioner Crew seconded the motion which carried unanimously.

Decision Richard W. Melanson, Jr.

Commissioner Crew made a motion to suspend Richard Melanson, Jr. support license until December 31, 2011. Commissioner Fischer seconded the motion which carried unanimously.

Hickok's Inc. complaint dated July 5

Commissioner Crew made a motion to defer the stipulation and assurance of voluntary compliance on Hickok's, Inc. to the next commission meeting. Commission Fischer seconded the motion which carried unanimously.


No further business to be discussed.

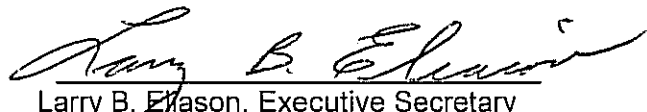
Commissioner Fischer made a motion to adjourn the meeting. Commissioner Crew seconded the motion which carried unanimously.

Meeting was adjourned at 12:45 p.m...

Respectfully Submitted,

Kathy Fredericksen


Ralph Kenritz, Chairman


Larry B. Elason, Executive Secretary